

## Message Text

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ACTION ARA-14

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FM AMCONSUL SAO PAULO  
TO SECSTATE WASHDC 8574  
INFO AMEMBASSY BRASILIA  
AMCONSUL RIO DE JANEIRO

CONFIDENTIAL SAO PAULO 1655

E.O. 11652: GDS  
TAGS: PGOV, BR  
SUBJ: SAO PAULO GUBERNATORIAL RACE RESULTS HAVE IMPORTANT  
IMPLICATIONS FOR REGIME

REF: A: SAO PAULO 1613; B. BRASILIA 4431

1. SUMMARY: THE GOVERNMENT IS FACED WITH A SERIES OF UNPLEASANT CHOICES IN THE SAO PAULO GUBERNATORIAL RACE. IF IT DISQUALIFIES DISSIDENT ARENA NOMINEE PAULO SALIM MALUF, ANY CANDIDATE WHO EMERGES WILL BE AN EXPRESSION OF DEFIANCE TO PRESIDENT GEISEL AND PRESIDENT-DESIGNATE GEN. JOAO BAPTISTA FIGUEIREDO. IF THE GOVERNMENT ACCEPTS MALUF, THE MDB WILL PROBABLY NOMINATE A GUBERNATORIAL CANDIDATE IN ITS CONVENTION ON JUNE 10. MALUF APPEARS TO BE UNACCEPTABLE AS GOVERNOR TO WIDE SECTORS OF THE PAULISTA ELITE. THE MDB CANDIDATE WOULD PROBABLY BE NEGOTIATED WITH GOVERNOR PAULO EGYDIO, SINCE THE MDB NEEDS ARENA VOTES IN THE ELECTORAL COLLEGE. IN TURN, AJOINT MDB-DISSIDENT ARENA CANDIDATE IN SAO PAULO WOULD GO A LONG WAY TOWARD CONSOLIDATING THE NATIONAL FRONT FOR REDEMOCRATIZATION AND WOULD INCREASE THE PROBABILITIES OF THE FRONT, THROUGH THE MDB, RUNNING A PRESIDENTIAL CANDIDATE TO CHALLENGE GEN. FIGUEIREDO. THE

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GOVERNMENT MAY NOT HAVE THE NECESSARY MILITARY SUPPORT TO CARRY OUT THE RADICAL ALTERNATIVE OF BYPASSING THE ELECTORAL PROCESS AND NOMINATING AN INTERVENTOR. GOVERNMENT INFLUENCE IS LOW AND ITS ROOM FOR MANEUVER IS TIGHT IN SAO PAULO AS A SPIRIT OF CIVIL DISOBEDIENCE GROWS WITHIN THE NARROW CONFINES OF THE POLITICAL ELITE. THE LEAST DAMAGING CHOICE FOR THE GOVERNMENT APPEARS TO

BE TO DISQUALIFY MALUF AND ALLOW THE SAO PAULO ARENA TO  
CHOOSE ITS OWN CANDIDATE. END SUMMARY.

2. THE GOVERNMENT IS FACED WITH UNPLEASANT CHOICES IN THE  
SAO PAULO GUBERNATORIAL RACE. AS A RESULT OF THE VICTORY  
IN THE ARENA NOMINATING CONVENTION OF DISSIDENT CANDIDATE  
PAULO SALIM MALUF, THE GOVERNMENT CAN EITHER ACCEPT OR  
DISQUALIFY HIS CANDIDACY. (CONTRARY TO REPORT IN REFTEL  
A, MALUF'S ASSETS ALSO HAVE BEEN FROZEN BY THE GOVERNMENT  
SINCE MAY 27, 1977. ACCORDING TO THE LAW, THE MINISTER  
OF JUSTICE MERELY HAS TO RECOMMEND TO THE COURTS THAT  
MALUF IS UNDER SUSPICION OF ILLICIT GAINS FOR HIM TO BE  
DISQUALIFIED. HOWEVER, THE DEPUTY IN CHARGE OF THE CON-  
GRESSIONAL INVESTIGATION OF THE LUTFALLA SCANDAL ALSO  
RECOMMENDED ON JUNE 6 THAT PLANNING MINISTER REIS VELLOSO,  
WHO WAS INSTRUMENTAL IN OBTAINING THE LUTFALLA LOANS  
FOR MALUF, ALSO HAVE HIS ASSETS FROZEN.) IF MALUF IS  
DISQUALIFIED BEFORE JUNE 30, ANOTHER CONVENTION MUST BE  
CALLED. THE INFLUENCE OF PRESIDENT GEISEL AND PRESIDENT-  
DESIGNATE GEN. JOAO BAPTISTA FIGUEIREDO WOULD BE AT A  
MINIMUM. IF HE IS DISQUALIFIED AFTER JUNE 30, THE SAO  
PAULO ARENA DIRECTORATE WOULD CHOOSE THE NEW NOMINEE.  
THE DIRECTORATE APPEARS TO BE CONTROLLED BY GOV. PAULO  
EGYDIO, WHOSE HOSTILITY TO THE WAY THE GUBERNATORIAL  
SELECTION PROCESS HAS BEEN CONDUCTED BY BRASILIA HAS  
GIVEN HIM INCREASING POLITICAL INFLUENCE IN THE STATE.  
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ANY ARENA CANDIDATE CHOSEN AT THE STATE LEVEL WILL BE  
AN EXPRESSION OF DEFIANCE TO THE PRESIDENT AND TO  
FIGUEIREDO.

3. THE GOVERNMENT COULD ACCEPT MALUF, CARRYING THROUGH  
WITH ITS STATED POLICY SO FAR OF ACCEPTING ANY CANDIDATE  
THAT THE ELECTORAL COLLEGE ELECTS. THAT DECISION WOULD  
HAVE THREE DIRECT RESULTS:

(A) IT WOULD STIMULATE DISSIDENCE IN ARENA. GOV. PAULO EGYDIO  
ALREADY STATED FORMALLY THAT HE WOULD NOT SUPPORT MALUF.  
PAULO MALUF WAS USEFUL FOR SAO PAULO POLITICIANS TO DEMONSTRATE TO  
BRASILIA THAT THEY WOULD NOT ACCEPT AN IMPOSED CANDIDATE,  
BUT MALUF AS GOVERNOR IS PRACTICALLY INCONCEIVABLE TO THE  
PAULISTA ELITE. THE SAME MOTIVATIONS OF PRIDE IN BRASIL'S  
MOST IMPORTANT STATE THAT FIRED THE REBELLION AGAINST THE  
INDICATION OF LAUDO NATEL NOW WORK AGAINST MALUF.

(B) IT WOULD STIMULATE THE MDB TO RUN A GUBERNATORIAL  
CANDIDATE. THE MDB HAS VIRTUALLY DECIDED TO NOMINATE  
A CANDIDATE AT ITS STATE CONVENTION ON JUNE 10 IF MALUF  
APPEARS TO BE THE ARENA CANDIDATE. ONE OF THE BASIC

POLITICAL REQUIREMENTS OF THAT NOMINATION WOULD BE TO NEGOTIATE IT WITH GOV. PAULO EGYDIO. THE MDB NEEDS ARENA VOTES IN THE ELECTORAL COLLEGE. IT ALSO NEEDS TO KNOW THAT IT CAN COUNT ON PAULO EGYDIO NOT TO SABOTAGE A JOINT CANDIDATE. THE MDB ASSUMPTION IS THAT PAULO EGYDIO WOULD PREFER TO CONTROL THE SITUATION IF HE CAN, BUT WOULD PREFER TO NEGOTIATE A CANDIDATE WITH THE MDB RATHER THAN ACCEPT A VICTORY BY MALUF. O ESTADO DE SAO PAULO, WHICH OFTEN EXPRESSES OPINIONS OF THE PAULISTA ELITE, RECOMMENDED EDITORIALLY JUNE 8 THAT THE MDB AND THE GOVERNOR REACH AN AGREEMENT.

(C) THE SELECTION OF A JOINT MDB-DISSIDENT ARENA CANDIDATE IN SAO PAULO WOULD GO A LONG WAY TOWARD CONSOLIDATING THE  
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NATIONAL FRONT FOR REDEMOCRATIZATION. IT WOULD INCREASE GREATLY THE PROBABILITY OF THE FRONT NOMINATING A PRESIDENTIAL CANDIDATE THROUGH THE MDB TO CHALLENGE GEN. GIGUEIREDO.

4. THERE IS A RADICAL ALTERNATIVE OPEN TO THE GOVERNMENT. IT COULD REMOVE MALUF FROM THE RACE AND APPOINT AN INTERVENTOR IN THE STATE, BYPASSING THE ELECTORAL PROCEDURE ALTOGETHER. THE PATENT ILLEGALITY OF SUCH A MEASURE AT THIS POINT IN THE DE FACTO DEMOCRATIC OPENING WOULD CARRY SERIOUS RISKS FOR THE GOVERNMENT. RECENT STATEMENTS BY MILITARY LEADERS IN SAO PAULO INDICATE THAT THEY WILL SUPPORT THE GOVERNMENT AS LONG AS GEISEL STAYS WITHIN THE LAW.

5. COMMENT: THE GOVERNMENT IS EXPECTED TO TRY TO INFLUENCE THE SAO PAULO SITUATION SHORT OF DRASIC ACTIONS. HOWEVER, ITS INFLUENCE IS LOW AND ITS ROOM FOR MANEUVER IS TIGHT AS THE SPIRIT OF CIVIL DISOBEDIENCE GROWS WITHIN THE NARROW CONFINES OF THE POLITICAL ELITE. THE LEAST DAMAGING CHOICE FOR THE GOVERNMENT APPEARS TO BE TO DISQUALIFY MALUF AND ALLOW ARENA IN SAO PAULO TO CHOOSE ITS OWN CANDIDATE.  
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## Message Attributes

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